

PERPETUAL HIGH GRADE FLOATING RATE FUND

May 2026

FUND FACTS

Investment objective: Aims to provide investors with regular income by investing in deposits, money market and fixed income securities, and outperform the Bloomberg AusBond Bank Bill Index on an ongoing basis before fees and taxes.

Benchmark: Bloomberg AusBond Bank Bill Index
Inception date: October 2001
Size of fund: \$199.8 million as at 31 December 2025**
APIR: PER0265AU
Mgmt Fee: 0.226% pa*
Benchmark Yield: 4.320% as at 31 May 2026
Suggested minimum investment period: One year or longer

FUND BENEFITS

Provides investors with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed and liquid investment.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

TOTAL RETURNS % (AFTER FEES) AS AT 31 May 2026

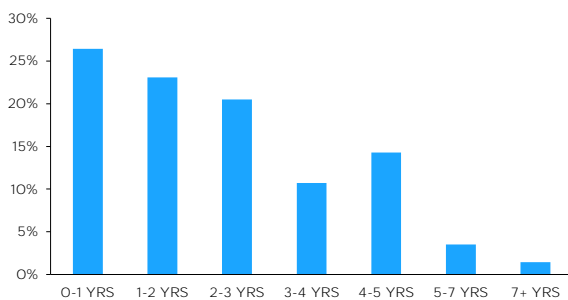
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.47	1.11	2.28	5.10	5.34	5.79	4.10	3.54	4.43
Bloomberg AusBond Bank Bill Index	0.34	1.00	1.91	3.78	4.10	4.18	3.03	2.31	3.64

Please note: Performance for Perpetual's complete list of investment funds is available on www.perpetual.com.au. Past performance is not indicative of future

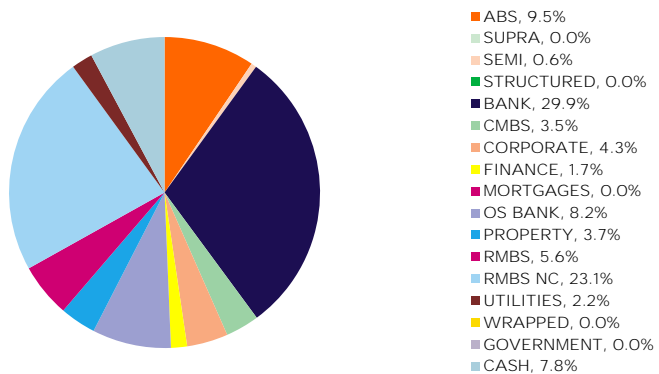
POINTS OF INTEREST

- Middle East conflict persists; oil prices ease towards month end;
- Domestic credit spreads rangebound; US spreads rally;
- Domestic bond yields fall; yield curve steepens;
- RBA hikes; softening inflation and labour data see policy expectations moderate;
- The credit outlook declined marginally, remaining negative.

MATURITY PROFILE



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	79.82%
Subordinated Debt	20.18%
Running Yield [#]	5.45%
Average Credit Rating	AA
Portfolio Weighted Average Life	2.36 yrs
Modified Duration	0.17
No. Securities	121

* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

**The total size of the Fund includes all unit classes of the Fund. This includes a retail class.

MARKET COMMENTARY

May proved a volatile month for global fixed income and credit markets, shaped by Middle Eastern geopolitics, elevated energy prices, and the question of how long central banks can hold their nerve against inflation. Risk assets including global equities pushed higher while credit spreads traded in a tight range.

The RBA delivered a widely anticipated third consecutive 25 basis point hike at its 5 May meeting, taking the cash rate back to 4.35%. April employment declined by 18,600 jobs — against expectations for modest growth — pushing the unemployment rate up to 4.5%, above the RBA's own year-end forecast of 4.3%. The April monthly CPI indicator then showed headline inflation moderating from 4.6% to 4.2% annually, 0.2 percentage points below consensus, helped by a 7% fall in automotive fuel and a 20% drop in urban transport fares following government intervention. Together, the weaker labour market and softer inflation data saw markets wind back pricing for further near-term tightening. By Month end, rate hike expectations had fallen from two further hikes to less than one. Australian government bond yields fell over the month with the curve steepening as the front end led the rally.

Domestic credit spreads were resilient throughout May with the ITraxx Australia CDS index narrowing slightly while trading in a relatively tight range over the month. Major bank senior and regional covered bonds performed well. Corporate and nonbank financial hybrids and tier 2 subordinated bank debt remain well supported. Primary market demand is increasingly discerning with longer dated issues less liquid and energy price sensitive sectors softening slightly. US spreads performed well with IG and HY spreads tightening reflecting the broader risk on sentiment as markets anticipated a resolution to the US Iran conflict and resumption of transit through the strait of Hormuz.

Primary market activity was elevated in May with a number of deals across senior, tier 2 and additional tier 1 tranches pricing as issuance accelerated following bank earnings releases. ANZ (\$5B senior), Westpac (\$3B Senior) and NAB (\$2.5B Senior and \$1B Tier 2) printed deals following half year results. May saw an increase in kangaroo issuance as narrow spreads and resilient demand for AUD paper attracted offshore banks and non-financial corporates.

PORTFOLIO COMMENTARY

Credit spread dynamics were constructive for relative performance over the month. While spreads moved in a relatively tight range, the Fund's allocation to senior domestic bank paper tightened, contributing to outperformance. Securitised spread compression also contributed marginally.

The Fund's yield premium above benchmark remained strongest contributor to relative performance over the month. Income return remained attributable primarily to RMBS and domestic bank allocations. The impact of rising base rates on the Fund's floating rate exposures will continue to contribute to the yield as coupons reset and the Manager further increased the Fund's running yield by deploying a portion of the cash position. The portfolio running yield had increased to 5.5% at month end, with the average credit spread measured at 0.9%.

Risk allocations were actively managed over the month. The Manager elected to selectively increase exposure to non-financial corporates, utilities and RMBS, taking advantage of a number of new primary market deals.

The outlook for credit remains marginally negative. Notwithstanding a slight lengthening of spread duration during May, the Fund remains defensively positioned, supported by a relatively short credit duration and limited exposure to subordinated paper. The Fund retains the capacity to take advantage of relative value opportunities as the outlook continues to improve.

OUTLOOK

The credit outlook declined marginally led by softening valuation and macroeconomic indicators.

Valuation indicators deteriorated over the month to a negative reading. The key driver was a downgrade of US high yield from neutral to negative, reflecting spread levels that offer insufficient compensation relative to a deteriorating macro backdrop and elevated oil price persistence. Opportunistic issuance remained a headwind, with elevated supply from SSA, kangaroo and domestic issuers continuing to weigh on the outlook.

The macroeconomic outlook remains the most significant headwind to the credit view. Softening global growth and reduced GDP forecasts from the RBA weigh on the outlook. Oil price volatility remains a watchpoint with the indicator remaining negative at month end. The ratio of upgrades to downgrades has softened to a neutral reading as tighter financial conditions have seen an uptick in downgrade activity, notably among high yield names.

Supply and demand indicators remain negative. Elevated issuance supply – both recent and upcoming – remains a key headwind. Market demand has proven resilient thus far although increasingly discerning.

Technical indicators remain marginally positive. Cash balances among real money accounts have normalised. US credit, equity and equity volatility indicators are all positively contributing to the outlook.

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Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry or exit fees or taxation (except in the case of superannuation funds, as applicable).

Past performance is not indicative of future performance.

MORE INFORMATION

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